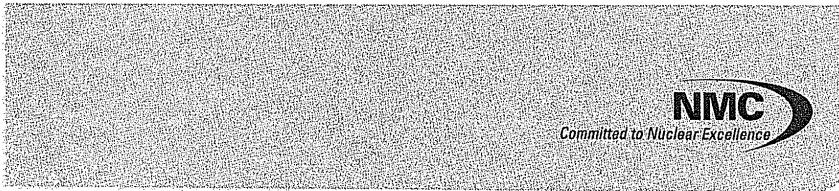


ATTACHMENT D

STATE HISTORIC PRESERVATION OFFICER CORRESPONDENCE

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March 24, 2008

Mr. Dennis A. Gimmestad
Government Programs and Compliance Officer
State Historic Preservation Office
Minnesota Historical Society
345 Kellogg Boulevard West
Saint Paul, Minnesota 55102-1903

SUBJECT: Prairie Island Nuclear Generating Plant License Renewal Project
Goodhue County
SHPO Number: 2007-1880

Dear Mr. Gimmestad:

Nuclear Management Company ("NMC"), acting on behalf of Northern States Power Company, a Minnesota corporation ("Xcel Energy" or "the Company") would like to thank the Minnesota State Historic Preservation Office (SHPO) for providing comments on the April 30, 2007 letter regarding renewal of the Prairie Island Nuclear Generating Plant ("PINGP") operating license. We appreciate the time your agency has taken to review the letter as well as identify concerns pertaining to Section 106 requirements and asking about how cultural resource issues will be addressed in the environmental review. Below we are providing additional information on the issues raised in your June 7, 2007 letter.

The Nuclear Regulatory Commission ("NRC") will formally consult with your office at a later date under Section 106 of the *National Historic Preservation Act* of 1966, as amended (16 USC 470), and Federal Advisory Council on Historic Preservation regulations (36 CFR 800). In order to expedite the formal process and to foster an integrated approach, we would like to work with you now to identify any issues that should be addressed or any information your office may need to expedite the NRC consultation.

The cultural resource issues addressed in the Environmental Report (Chapter 2 and Chapter 4) were researched in the environmental review process, and will continue to be reviewed as the License Renewal process moves forward. NMC contracted with a company named The 106 Group Ltd. to perform a cultural resources assessment of the PINGP site to document past studies and to provide information that would assist NMC with planning and avoidance of known resources. Their records search revealed that four professional archeological surveys and one testing project have been conducted within plant boundaries (Figure 1). Within the plant boundaries, seven archeological sites have been recorded. One site, the Bartron Site, is listed on the National Register of Historic Places. Within one mile of the plant boundary, 16 archeological sites have been recorded (15 are on the Minnesota side of the Mississippi River). The assessment also identified areas that are thought to be previously disturbed from original construction of the PINGP. The cultural resources assessment prepared by The 106 Group is included as Attachment 1 to this letter.

The Prairie Island Indian Community (PIIC) Reservation is located directly north of the PINGP. The PIIC is a sovereign nation federally recognized under the Indian Reorganization Act. NMC and the PINGP staff have a long-standing relationship with and history of consulting with PIIC's tribal council and technical staff regarding community concerns, business proposals, emergency planning, plant operations, and other items of mutual interest. NMC is consulting with the PIIC regarding the proposed license renewal and refurbishment activities (addressed later in this letter) at PINGP.

Consultation was initiated by Xcel Energy and NMC via a letter sent July 25, 2007 requesting PIIC's participation in the license renewal application process and seeking input regarding any concern PIIC has for historical, archaeological, cultural or other environmental resources. Xcel Energy and NMC management met with the PIIC tribal council on September 24, 2007 to discuss the license renewal application process, and license renewal and PINGP site staff met with PIIC technical staff on November 8, 2007.

On February 7, 2008, PIIC submitted a letter to PINGP detailing their comments and concerns with regard to environmental issues. PIIC has requested a copy of the cultural resource assessment, which will be provided to them along with your response to this consultation request. They have requested that a buffer be instituted around all known archeological resources to prevent future disturbance. The PIIC is concerned about two sites that may have been impacted previously during original construction of the plant. They have requested implementation of a collaborative program of surveying on the plant site to record all cultural resources and their condition; identification of restoration activities for cultural resources previously impacted; and access to a burial site by tribal members for ceremonial purposes. The PINGP will continue consultation with the PIIC to address their requests.

In addition to the aforementioned efforts, NMC and Xcel Energy are working with Minnesota State University - Mankato ("Mankato State") to perform further studies on the Bartron Site during Summer 2008. Mankato State plans to hold a field school to do the initial digs and documentation, with a formal write-up and necessary follow-up work performed through a Master's thesis by a graduate student(s). The PIIC is aware of these efforts and has supported Mankato State's efforts financially.

At this time there are no plans for PINGP site alteration due to the license renewal project. Any future site alterations will comply with permitting requirements administered by the City of Red Wing, Goodhue County and the State of Minnesota. However, there are plans to replace the Unit 2 steam generators in the fall of 2013, one year before Unit 2's current operating license expires. Because, in all likelihood, the Company would not replace the steam generators were it not seeking approval for an additional 20 years of operation, we have considered environmental impacts of steam generator replacement in the Environmental Report we are submitting to the NRC. We believe that in NEPA parlance, this is a "connected action" (40 CFR 1508.25). Therefore, we believe it is reasonable for your agency to consider the steam generator replacement at Unit 2 when you conduct your review of the project's potential effect on historic and cultural resources.

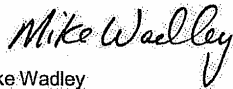
The steam generators are planned to arrive at the PINGP loading dock by barge and transported to the Unit 2 containment building by truck on an existing paved road (Figure 2). The old generators will be removed from the Unit 2 containment building and the new ones installed in the same location inside the Unit 2 containment building. The new generators are similar in size and mass as the originals and have the same function. Temporary construction facilities, such as mobile trailers, a staging area, and parking area, would be necessary, but these temporary facilities would be located nearby in previously disturbed areas and away from known cultural resources. These areas have been identified in the attached cultural resource assessment (see specifically Figure 2 of the attached cultural resources assessment) as previously disturbed, with little to no potential for intact archaeological deposits.

The Company has concluded that renewal of the PINGP operating licenses and activities planned during the 20-year term of the new licenses, including replacement of the Unit 2 steam generators, will result in no adverse effects on historic and archaeological resources. PINGP will continue to follow established procedures for avoidance and protection of archaeological, historic, and cultural resources (see Appendix A of the attached cultural resources assessment). As stated previously, refurbishment activities will be conducted within previously disturbed areas of the site. However, during ground-disturbing activities, if archaeological materials are discovered in the work area, activities in the vicinity of the discovery would stop and the Company will have the discovery assessed by a professional archaeologist and will consult with your office.

Since we will include a copy of this letter in the license renewal application that we submit to the NRC, it would greatly assist our application to the NRC if we could receive a written response from your office detailing any concerns you may have about potential adverse effects to historic and archaeological resources, or confirming the Company's conclusion that operation of PINGP over the license renewal term would have no adverse effects to historic and archaeological resources.

If you have any questions or require any additional information to review the proposed action, please feel free to contact Mr. James Holthaus, Environmental Project Manager, at 651-388-1121, ext. 7268, or via email at james.holthaus@nmcco.com.

Sincerely,



Mike Wadley
Site Vice President
Prairie Island Nuclear Generating Plant

Enclosures:

Figure 1 – Location of Prairie Island Nuclear Generating Plant
Figure 2 – Facilities Associated with the Proposed Replacement of the Unit 2 Steam Generators
Attachment 1 – *Cultural Resources Assessment for the Prairie Island Nuclear Generating Plant*,
Goodhue County, Minnesota, January 2008, The 106 Group Ltd.

cc w/encl.: President, Prairie Island Indian Community

